

# HOUSE BILL REPORT

## HB 2577

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### As Passed Legislature

**Title:** An act relating to nonprofit corporations.

**Brief Description:** Providing for committees of members.

**Sponsors:** By Representatives Linville, Carrell, Kirby, Newhouse, Lovick, Campbell, McMahan, Moeller and Flannigan.

#### **Brief History:**

##### **Committee Activity:**

Judiciary: 2/6/04 [DP].

##### **Floor Activity:**

Passed House: 2/14/04, 95-0.

Passed Senate: 3/3/04, 48-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Authorizes nonprofit corporations to create committees of members;
- Allows action to be taken by members or committees of members without a meeting if a majority of the members or committee of members consents.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 9 members: Representatives Lantz, Chair; Moeller, Vice Chair; Carrell, Ranking Minority Member; McMahan, Assistant Ranking Minority Member; Campbell, Flannigan, Kirby, Lovick and Newhouse.

**Staff:** Edie Adams (786-7180).

#### **Background:**

Nonprofit corporations may form for any lawful purpose, including charitable, benevolent, educational, civic, patriotic, political, religious and social. The powers of a nonprofit corporation include the power to sue and be sued, engage in property transactions, lend money, make contracts and incur liabilities. A nonprofit corporation may not issue stock, make income disbursements to members, officers or directors, or make loans or advance credit to directors or officers.

A nonprofit corporation may have one or more classes of members or no members. An annual meeting of members must be held and special meetings of members may be called. Notice of members' meetings and voting and quorum requirements are generally provided for in the bylaws. Unless the articles or bylaws prohibit it, members of the corporation may participate in a meeting by conference telephone or other communication device that enables all persons to hear each other at the same time. Participation by these means constitutes presence in person at the meeting.

An action that is either required or allowed to be taken at a meeting of members may be taken without a meeting with the unanimous consent of all members entitled to vote on the matter.

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**Summary of Bill:**

The Washington Nonprofit Corporation Act is amended to specifically authorize a nonprofit corporation to create member committees according to the provisions of the nonprofit corporation's articles of incorporation or bylaws.

A committee of members may participate in a meeting of the committee by conference telephone or other means by which all parties are able to hear each other at the same time. Unless restricted by the articles or bylaws, the members, or committee of members, may take action on a matter without a meeting if a majority of the members, or committee of members, entitled to vote on the matter consents.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This is a good bill that will help nonprofit organizations function more efficiently. In this day and age, we can do so many things electronically, and nonprofits should be able to take advantage of this tool. You have passed this bill twice before. There is some language in the underlying statute that could be clarified.

**Testimony Against:** None.

**Persons Testifying:** Representative Linville, prime sponsor; Larry Stout, Washington Association of Realtors; and Mike Matson, LEOFF 1 Coalition.

**Persons Signed In To Testify But Not Testifying:** None.